GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:1467
ANSWERED ON:24.07.2002
REDUCTION IN INTEREST RATE FOR SSIS
AJAY SINGH CHAUTALA

Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether the Government propose to reduce the interest rates for the small scale Industrial units so as to enable them to compete with big industries and multinational companies;

(b) if so, the details thereof and the time by which it is likely to be done; and

(c) if not, the reasons therefor?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES, MINISTER OF STATE IN THE DEPARTMENT OF PERSONNEL AND TRAINING,DEPARTMENT OF PENSIONS AND PENSIONERS` WELFARE IN THE MINISTRY OF PERSONNEL,PUBLIC GRIEVANCES AND PENSIONS, MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE DEPARTMENTS OF ATOMIC ENERGY AND SPACE (SMT. VASUNDHARA RAJE)

(a) to (c): The interest rates for small scale industrial units are governed by the directives on interest rates issued by the Reserve Bank of India from time to time. The lending rates have come down over a period of time after the deregulation of interest rate regime. As per the extant directives of the Reserve Bank of India (RBI), the lending rates for loans up to Rs. 2 lakh should not exceed the Prime Lending Rate (PLR) fixed by the individual banks and for beyond Rs. 2 lakh it is left to the discretion of the banks subject to PLR and the maximum bands. Further, the requirement of PLR being the floor rate for loans above Rs. 2 lakh has been relaxed. As per the RBI directives, the banks would even offer loans at below PLR rates to exporters or other credit worthy borrowers. The various measures taken by the Government to provide credit and other support are intended to enhance the competitiveness of the SSI Sector, both domestically and globally.